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ABSTRACT

Over the last several years, state and local governments have increased the privatization of a range of services that historically have been provided by government agencies, including adoption services. This issue brief of the Child Welfare League of America provides adoption professionals with information on the privatization of adoption services. Part 1 presents background information on privatization, including the general forms of privatization and the forces that have moved privatization forward in states and localities; this part also examines the role of monitoring, one of the key issues in privatization as a whole. Part 2 examines the privatization of adoption services, why public systems are motivated to privatize adoption, the special issues that may affect privatization of adoption, the privatization models that can be and are being utilized in adoption services, and the critical operational issues that must be addressed when privatization of adoption is being proposed and implemented. Part 3 addresses the relationship between privatization and managed care and discusses managed care in general and the differences between managed care approaches in the health care arena and in child welfare. This part also describes an effort in Kansas to blend privatization and managed care principles. Part 4 sets out recommendations for adoption professionals to use in participating in and shaping what are likely to be ongoing discussions about the use of privatization and managed care in child welfare. Contains 19 references. (KB)

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Adoption and Privatization

AN ISSUE BRIEF

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Adoption and Privatization

AN ISSUE BRIEF

Ann Sullivan

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Contents

Introduction		1
Part I:	Privatization	3
Part II:	Privatization of Adoption Services	7
Part III:	Privatization and Managed Care	17
Part IV:	Recommendations	27
Notes		31
For Further Information		33

5

Introduction

Over the last several years, state and local governments have increased the privatization of a range of services that historically have been provided by government agencies—including adoption services. In January 1996, the Child Welfare League of America surveyed the 50 state public child welfare agencies about their interest in and use of privatization models and managed care principles. Forty-one states—a remarkable 82%—reported that they were planning or implementing fundamental changes in the delivery of their child welfare services. Many of these systems identified privatization as a key approach to structuring service delivery more efficiently, a development that signals the need for the field as a whole to better understand this trend and its implications for child welfare services in general and adoption in particular.

Privatization, in its most basic sense, is not a new concept; privatization as discussed in the current environment, however, is taking on a new character. Privatization, as states and localities are now conceptualizing it, focuses on a fundamental shift in the allocation of service delivery responsibility, with the private sector taking a far greater role in providing and

managing services traditionally provided by public agencies, including the full range of adoption planning and services.

This issue brief provides adoption professionals with the following information on the privatization of adoption services:

- Part I provides background information on privatization, including the general forms of privatization and the forces that have moved privatization forward in states and localities, and examines the role of monitoring, one of the key issues in privatization as a whole.
- Part II examines the privatization of adoption services—why public systems are motivated to privatize adoption, the special issues that may impact privatization of adoption, the privatization models that can be and are being utilized in adoption services, and the critical operational issues that must be addressed when privatization of adoption is being proposed and implemented.
- Part III addresses the relationship between privatization and managed care and discusses managed care in general and the important differences between managed care approaches in the health care arena and in child welfare. This section also provides a brief description of the effort in Kansas to blend privatization and managed care principles.
- Part IV sets out recommendations for adoption professionals to use in participating in and shaping what are likely to be ongoing discussions about the use of privatization and managed care in child welfare.

Part I: Privatization

What is privatization?

In general, privatization refers to any process aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector. Historically, the most common form of privatization has been contracting, the process by which a government hires a private sector firm or nonprofit agency to provide a product or service. Under this approach, the government has management and policy control over the types of services to be provided and the quality of those services and can readily replace contractors who are not performing well. A recent report by the U.S. Government Accounting Office (GAO) reveals that contracting remains the key form of privatization used by states and localities, but also indicates that other forms of privatization are beginning to emerge.[1] In some instances, state and local governments are moving to models in which the government totally transfers responsibility for certain functions to the private sector, thereby retaining no financial support, management, or oversight. More often, however, governments are using privatization models in which the government significantly shifts service delivery responsibilities to private sector agencies or organizations, but the pub-

8

lic agency retains limited functions in relation to management or oversight.

With these evolving models and continuing emphasis on contracting as an approach to achieving government efficiency, state and local governments are using privatization more extensively than they have in the past.[2] Since 1988, state agencies' use of privatization has greatly increased in the areas of social services, transportation, mental health care, corrections, health, and education.[3] City governments, according to a recent survey, have also turned increasingly to privatization, particularly in child welfare programming and health services.[4]

What factors promote the move toward privatization?

The GAO's 1997 report indicates that privatization is most likely to occur when the following conditions are present:

- First, privatization seems to be best introduced and sustained when there is a committed political leader to champion it. In the states and localities studied by the GAO, all had either a single political leader (the governor or mayor) or a group of leaders (the governor and state legislators) working in concert to support privatization, sustain the momentum for initiatives to privatize, and develop strategies to circumvent the barriers to privatization.
- Second, privatization is most comprehensively developed when there are organizational structures in place to identify opportunities to privatize and set policies to guide those initiatives. In most of the states studied by the GAO, there were commissions with authority to make decisions regarding privatization.

- Third, privatization has been used most extensively where there have been legislative changes that, in effect, reduce the resources available to government agencies, thereby compelling them to consider privatization as a vehicle for meeting the agencies' mandates.

What is the role of monitoring in privatization?

When a government's direct role in service delivery is reduced through privatization, there is a greater need for that government to maintain enhanced monitoring and oversight. This need relates to two considerations: first, the government needs to ensure compliance with the terms of the privatization agreement, and second, because governmental interests are implicated and need to be protected, the government needs to evaluate the private entity's effectiveness in delivering services. Interestingly, the GAO study found that most governments identified performance monitoring—the oversight of the private agency's performance in delivering services—as the most difficult and often the weakest link in the privatization process. Assessment of effectiveness requires analytical skills that exceed compliance with checklist type reviews, particularly when monitoring such complex activities as the medical care of prisoners or the placement of children with adoptive families. As a consequence, government agencies, on the whole, have struggled to find appropriate ways to ensure quality performance. As privatization continues to take hold and be used more extensively in relation to child welfare programming, the issue of performance monitoring is likely to present ongoing challenges, and nowhere more so than in adoption services.

Part II: Privatization of Adoption Services

Private agencies have long played a key role in adoption services, and in fact, private agencies preceded public agencies in adoption service and planning in most states prior to the passage of the Social Security Act in 1935. Historically, public agencies have purchased from private agencies such adoption services as adoptive family recruitment and placement, postadoption, exchange, and search services.

Why is there interest in expanding the privatization of adoption?

Within the general context of growing privatization efforts by state and local governments, there has been a particular interest in the privatization of child welfare services and within that framework, adoption services. This phenomenon can be attributed to several factors that have coalesced to prompt greater scrutiny of the traditional ways in which child welfare services have been and are being provided. These factors also have led to heightened advocacy for change through privatization.

First, the media has focused public attention on the deficiencies in the child welfare system as a whole, and adoption is inexorably connected to perceptions of that system.[5] Public

opinion, according to many, is that child welfare is "not working" and that children who need adoptive families are being held hostage by an inefficient and labyrinthine public system.[6] The private sector is viewed by many as more effective, more efficient, and more flexible than the public sector, and privatization is seen as the path to achieving positive outcomes for children who need families.[7]

At the same time, the role of government itself is being questioned. Debate at the national level rages over the appropriate role of the federal government in relation to state governments, and questions are being raised about the extent to which government at any level should be involved in personal and family issues. Increasingly, the debate has characterized government programs that have protected children and supported families as "total failures," a theme that has resonated with significant sectors of the public and further fueled interest in privatizing child welfare services.[8]

The child welfare profession itself has, to some degree, shared some of the concerns about the performance of the public sector in protecting children, strengthening families, reuniting children with their families, and for those children who cannot be reunited, providing them with adoptive families in a timely manner. Those professionals who have worked with private agencies see the strengths that public-private partnerships can embody, and many of these professionals support privatization as an approach to better serve children and families.

Finally, as with privatization in general, the interest in privatizing adoption has arisen from concerns about rising costs and demands for new approaches that bring greater efficiency and effectiveness and lower costs. The financial needs of child

welfare agencies, as a whole, have continued to rise across the country. Adoption is being viewed increasingly as a service that can generate significant savings by reducing costs elsewhere in the child welfare system.

Are there special considerations that impact the decision to move into privatization of adoption?

Because of the interface between the responsibilities of public child welfare agencies and the responsibilities of private agencies with which they work, privatization in the area of adoption carries with it a range of important legal, quality assurance, and resource issues that may differ from those involved in the privatization of services not related to child welfare.

Legal Issues

The legal nature of adoption and the involvement of the court in many of the key decisions that are made as a child moves from foster care into adoption demand careful consideration of the privatization of adoption, both in terms of how privatization is structured as a process and how the responsibilities for outcomes are allocated. Structurally, whether privatization should be implemented through legislation or administrative change is a key decision. States and localities have used both approaches in other service areas, but there appears to be no clear indication at this point as to which avenue is preferable for privatization of adoption.

As important as this structural decision may be, however, the larger legal questions relate to responsibilities for the outcomes achieved for children. The federal mandate for permanency planning for children in foster care rests with the public agency, and the extent to which this mandate can be delegated

to another entity must be carefully considered. To what degree can the responsibility for the protection, health, and welfare of children in foster care and those awaiting adoption (children in the custody of the state) be transferred to the private sector? To what degree can the public agency place in the hands of private agencies its responsibilities for reporting to the court on the permanency plan for and status of children in its custody?

Quality Assurance

Federal dollars and state and local funding for child welfare, in general, and adoption, specifically, flow to public agencies as the entities designated by law and regulation to be responsible for abused and neglected children. At minimum, the public agency must retain some accountability for the expenditure of these funds. Beyond this minimum threshold, however, the responsibilities of public agencies for children in their custody would appear to demand close scrutiny of the quantity and quality of services provided and the outcomes achieved. In the context of adoption, these quality assurance considerations raise questions similar to those that states and localities have faced in privatization of other services.

If private agencies accept responsibility for children needing adoption, what will be the measure of quality services—and who makes the determination of "quality"? What are the appropriate outcomes to be expected? How can the process ensure that *all* children needing adoption services will receive those services and that there will not be a focus primarily on those children who are the easiest to serve through adoption? Will existing management information systems provide the capacity to monitor and track children as they move through the service delivery system? What monitoring processes can

be implemented to ensure that systemic problems are identified and improvements made?

Resource Issues

Finally, resource availability and development issues are likely to have an impact on the privatization of adoption. How many voluntary agencies are available in terms of geographic accessibility, sufficient numbers of staff, and appropriately trained professionals? How many of these agencies have experience in placing children with special needs for adoption, as opposed to placing healthy infants? How ready are the available agencies to move forward with the higher level of responsibility that privatization inevitably entails? And, if adequate resources are not available, how can they be developed?

The existing public/private agency relationship is also key to issues related to resource availability and development. Are both public and private agencies ready to make the multiyear commitments necessary to initiate and implement effective privatization of services? Is there a willingness to stay the course and work out the difficulties? The higher the level of mutual trust and respect at the time of privatization, the more likely it is that public agencies and private resources can engage successfully in joint efforts. If a history of mistrust and ill will characterizes the relationship between the public and private sectors, these attitudes and past experiences must be candidly acknowledged and strategies developed for addressing them. The children in care who need nurturing families will bear the negative consequences if both public agencies and private resources cannot overcome any negative history and forge an effective partnership that acknowledges the need for positive working relationships based on mutual trust and respect.

Which models of privatization might be used for adoption services?

A state or locality may use a variety of models in privatizing adoption. A government may choose, for example, to privatize service delivery and maintain oversight itself, or it may privatize and contract with an intermediary to handle the development of the service delivery system and oversight and monitoring of services. If the public agency chooses to use an intermediary, that entity may be either nonprofit or for-profit—a distinction that may have significant implications for the private agencies that become part of the service network. Other options relate to the extent to which a government chooses either to delegate or to retain certain functions under a privatization approach. A state or locality, for example, may retain responsibility for such functions as case management, quality assurance, monitoring, and evaluation. Alternatively, a state may contract out some or all of these functions to other resources. Finally, a public agency may choose from a variety of models that blend privatization and managed care, as discussed in Part III.

What are the key operational considerations that should be addressed in developing and implementing the privatization of adoption services?

As states and localities move forward in assessing, developing, and implementing privatization approaches to adoption services, a number of operational issues will need to be addressed. Some of these issues, along with the questions that they raise, are listed below.

The Relationship with the Foster Care System

- What impact will privatization of adoption services have on permanency planning activities designed either to reunite the family, if possible, or to work toward adoption if the family cannot be reunited?
- Will privatization impose further delays in the movement of children through the child welfare system?
- Will privatization assist in the early identification of children who are at high risk of needing adoption, or will it impede such efforts?

Service Coordination

- At what point in the continuum of services will children be referred to the private sector for adoption: When adoption becomes the case goal? When voluntary relinquishment or involuntary termination of parental rights has been completed?
- How will referral procedures between the public and private agency be developed and implemented? How will services be linked with Medicaid, mental health services, and other resources provided by other systems?
- Will the use of in-state, regional, and national exchanges be encouraged/mandated?
- Who will maintain the statewide photo listing of children? Who will coordinate with regional and national exchanges?
- In communities where there are "A Child Is Waiting" features in the media, who will coordinate this work

among the range of private agencies that are providing services to the children who may be featured?

Payment and Reimbursement

- Generally, how will a level of funding for services be established? How will adequacy of payment be determined? How will the fund levels/rates be renegotiated if they are insufficient?
- What will the payment structure be: Fee-for-service? Flat rate? Capitated rate?
- Will the financial risk be shared or shifted completely to the service provider?

Cost

- How will up-front costs related to infrastructure development be paid? For example, how will costs associated with management information systems be covered?
- How will the legal and court-related costs be paid? A set schedule? An actual cost basis?
- How will recruitment costs be paid? On a per-child basis? A set schedule? A flat fee each year?
- If a child has highly specialized needs, will the provider have the ability to purchase services from out-of-state resources that can meet those needs?
- How will the foster care board rate and related costs incurred after referral, but prior to placement, be paid? What about the costs after placement and prior to legalization?

Subsidy

- What impact will privatization have on the negotiation and payment of adoption subsidies?
- Will the public agency or the private agency determine eligibility and negotiate the payment level?

Postadoption Services

- What impact will privatization have on the development, implementation, and funding of a comprehensive system of postadoption services?
- Will the drive for cost containment impede the development of postadoption services?
- When a disruption occurs, will the private agency be responsible for the re-placement of the child?
- If the private agency has this responsibility, will additional resources be made available for re-placement services?

Perhaps of overriding operational importance is the recognition that if the deficiencies in adoption services provided by public agencies are the result of inadequate financial resources—a pivotal problem in many states—privatization in and of itself will not remedy those problems.

Part III: Privatization and Managed Care

One of the models of interest to states and localities with regard to adoption services is a privatization model that integrates managed care principles. This approach attempts to draw on managed care concepts that have been developed in the health care and behavioral health care arenas and adapt them to adoption and other child welfare services.

What is managed care?

Because managed care may take a variety of forms, it defies a concise definition or description. Common to all managed care systems, however, is the integration of the financing and delivery of services.[9] In managed care arrangements, the parties that pay for services—whether health maintenance organizations, managed care organizations, or public agencies—have a significant role in determining the services that will be delivered, for how long, and at what payment rate. The primary goal of managed care historically has been cost containment, as managed care was formulated as an approach to curtail escalating costs first in the health care industry, then in mental health/behavioral care, and most recently, in social services.[10] To an

increasing degree, however, managed care systems have been focusing on quality of care issues in an attempt to ensure that cost considerations do not adversely affect the quality of services, and many of the characteristics of contemporary managed care arrangements reflect this emphasis.

Definitions of managed care abound, but three examples suffice to reflect the key aspects of managed care:

- Managed care refers to a variety of approaches intended to control the utilization and/or costs of services.
- Managed care is a negotiated quality of care for an identified population for a negotiated price.
- Managed care is a system of care that tries to balance cost, quality, and access to services through such techniques as preauthorization for care; rigorous gatekeeping and utilization review; consistent use of standardized practices, guidelines, and protocols; and the use of financial sanctions and incentives.

As these definitions suggest, managed care—whatever form it may take—incorporates a number of basic principles. While cost containment is primary, there are other features that, in point of fact, mirror sound social work practice. These principles include access to and ready availability of services, an outcome-based orientation, quality of care, a focus on prevention, individual/family participation in decision making, multicultural competence, maximum continuity in service delivery, monitoring and utilization reviews, an emphasis on client/customer satisfaction, and cost-effective service delivery.

How do managed health care and managed child welfare services compare?

As with privatization, managed care has become increasingly attractive because of its perceived potential to control costs and to infuse greater accountability into systems that appear, to many, to be out of control. To a growing degree, elected officials see the growth in social services budgets as indicative of poor management and planning and the problems within child welfare systems as evidence that the system is irretrievably "broken."[11] Managed care is being embraced for its ability to control, if not reduce, costs in child welfare and for its capacity to place greater demands for effectiveness and efficiency on a system that is viewed as having few positive outcomes.[12]

Because managed care had its roots in the health care system, much of the existing managed care practices are built on a medical model. When considering the application of managed care principles to child welfare, it is important to clearly differentiate the characteristics of health care environments, to which managed care has traditionally responded, and the characteristics of child welfare service environments, which may well require a different type of managed care response. Table 1 outlines some of the differences between the two systems.

These differences have important implications for child welfare managed care approaches.[13] Whether managed care will be a positive support for adoption services or an additional obstacle to adoption services depends on the answers to the following questions:

- Who is designing the managed care system?

Table 1. Differences Between the Health Care System and the Child Welfare System[14]

The Health Care System	The Child Welfare System
• Basically healthy clients with episodic needs	• Chronic, multiproblem, multicrisis clients
• "Low-end" users	• "High-end" users
• Good claims history and databases	• Weak to nonexistent historical information and databases
• Enfranchised clients/self-advocacy	• Disenfranchised clients/ advocacy by others
• Single funding stream	• Multiple funding streams
• Medical necessity	• Social necessity
• Voluntary clients	• Nonvoluntary clients
• Single-system presenting problems	• Multisystem problems: juvenile justice, mental health, education, and other systems
	• Central role of the courts/legal system in decision making
	• Class action litigation/ consent decrees

- How can child welfare professionals enhance managed care's understanding of the role of adoption within child welfare?

Who is designing the managed care system?

The question of who will design managed care systems for child welfare raises a number of issues. Will the managed care organization include professional social workers in the design process? Or, alternatively, will the system be designed by those typically involved in such activity—accountants and psychiatrists—with social workers allowed only limited, if any, input into the basic framing of the system? Will the state child welfare agency take the lead in the design of the system or will managed care be forced upon it by outside political forces? If the state agency takes the lead in design, how will it involve all interested parties to ensure a system that is fair and equitable? Alternatively, can a network of private providers take the lead and position itself to bid effectively to manage a state's service delivery system or a system for a region of the state? The answer to the question, "Who designs the system?" may in large part determine whether the overriding philosophy of the system will be cost containment or a commitment to both high-quality services and financial accountability.

How can child welfare professionals enhance managed care's understanding of the role of adoption within child welfare?

This issue is likely to center on the capacity of the child welfare system to demonstrate that adoption services save money. In line with the adage that managed care seeks four critical fac-

Table 2. Administrative Costs for Foster Care and Adoption, 1988[15]

	Average Monthly Number of Children	Average Monthly Administrative Costs	Per-Child Average Monthly Administrative Costs
Foster Care	132,120	$27,578,975	$209
Adoption Assistance	34,849	$2,194,456,	$63

tors—price, price, price, and quality services—child welfare systems are most likely to enhance the understanding of adoption in relation to child welfare by documenting that it is less expensive to provide adoption services for those children who cannot return home than to retain children in foster care unnecessarily. Tables 2 and 3 demonstrate ways to document these savings. By accompanying such cost data with aggregate outcome data, however, child welfare professionals can establish that adoption is both cost-effective and outcome-effective—thereby meeting both the "price" and "quality" factors so valued by managed care.

How have privatization and managed care been used together?

Perhaps the most ambitious effort to date to reform foster care and adoption services through privatization/managed care has been undertaken by the state of Kansas. In 1996, the Kansas Department of Social and Rehabilitation Services transferred

Table 3. Ongoing Agency Activities Required in Subsidized Adoption versus Foster Care[16]

Subsidized Adoption	Foster Care
• Mail in check each month.	• Mail a check each month.
• Complete an annual redetermination of the need for subsidy.	• Visit the foster home regularly to meet foster parents and child around the case plan.
	• Arrange for all necessary health, education, counseling, and other special services.
	• Provide or arrange for transportation.
	• Attend regular administrative and judicial reviews while the child is in care, involving agency staff, courts, and attorneys.
	• Handle problems as they arise at the foster home, school, and with juvenile justice.
	• Recruit and train foster parents as children move from one placement to another.
	• Recruit and train caseworkers as turnover occurs.
	• Provide clerical support and computers for voluminous paperwork requirements.
	• Recruit and train supervisors, program managers, and directors to manage these programs.

responsibility for adoption services to a nonprofit agency, Lutheran Social Services of Kansas and Oklahoma. The Department likewise awarded contracts for family preservation and foster care services to private agencies. Although the Department does not describes the privatization of its adoption programs as managed care, it does acknowledge that the effort involves some common themes found in managed care: a case rate or set dollar amount per child or family that is tied to achieving outcomes; a pooled funding approach that permits contractors to make decisions based on clinical needs, not funding streams; and outcome-based service delivery.[17]

The Department and Lutheran Social Services agreed to the following terms, among others:

- A capitated rate of $13,556 per child;
- A requirement that the contractor accept all referrals;
- Responsibility of the contractor for all family recruitment, training, matching, and support for 18 months after adoption;
- Inclusion within the contract rate of all costs for out-of-home placement, mental health care needs, and day care services; and
- Joint responsibility on the part of the contractor and the public agency for reporting to the courts.

The agreement also outlined specified contract outcomes, reflecting the focus of the initiative on outcome-based services and payment. Table 4 lists the key adoption outcome measures and the criteria used to assess their achievement.

Table 4. Adoption Outcome Measures and Criteria for Assessment[18]

Measure	Criteria
Outcome 1: Children shall be placed for adoption in a timely manner.	70% of children shall be placed with adoptive families within 180 days of the receipt of the referral for adoption.
Outcome 2: Children shall have permanent homes through the adoption process.	90% of adoptive placements shall be legalized within 12 months of the placement date. 90% of adoptive placements shall continue to be intact 18 months following legalization.
Outcome 3: Adoptive family members shall be satisfied with adoptive services	90% of families (parents and youths age 14 and over living in the home) shall report satisfaction with the adoption at the time the adoption is legalized.
Outcome 4: Siblings shall be kept together.	65% of children will be placed with at least one sibling.
Outcome 5: Children shall remain in the same foster care placement pending adoption.	90% of all children placed for adoption shall experience no more than 2 moves from the point in time parental rights are terminated until the adoption is legalized.

Preliminary reports have been encouraging. Between October 1, 1996, and April 30, 1997, for example, Lutheran Social Services exceeded two of the specified contract outcomes: 69% of children were placed with siblings and 99% of children had fewer than three moves between termination of parental rights and legalization of adoption. The extent to which this approach will translate into improved services and positive outcomes for children and families in the long run, however, has yet to be determined fully. The Kansas initiative represents an opportunity to assess the viability of a comprehensive strategy involving privatization and managed care and learn from actual experience in designing and implementing such a program.[19]

Part IV: Recommendations

Adoption professionals must participate in and shape the ongoing discussions about the use of privatization and managed care in child welfare in general and adoption, in particular. The following recommendations may facilitate that process:

1. Broaden the focus of the discussion/debate to include adoption services within the framework of child welfare services.

Adoption services, in and of themselves, are too small a portion of the child welfare budget to stand alone. They must be integrated into other key child welfare services and their importance demonstrated in relation to those services.

2. Develop a knowledge base in privatization and managed care.

To participate actively and knowledgeably in the discussion, child welfare professionals, individually and as a group, must have a working knowledge of the basic principles of privatization and managed care, the vocabulary of each, and

the forces that are driving state and local governments toward these approaches.

3. Develop skills in articulating the significant differences between managed care in the health care environment and in child welfare.

Distinguishing between the services needed to respond to the health care needs of a child with appendicitis, for example, and the complex service needs to effectively respond to a child who is neglected or abused can make a powerful point.

4. Stay up-to-date on privatization and managed care developments across the country, both in child welfare and in related systems.

Resources such as those offered by the CWLA Managed Care Institute can provide up-to-date information packaged in an understandable way.

5. Look for common ground and positive opportunities.

Quality is becoming a higher value in both privatization and managed care approaches and presents a core value on which all interested parties are likely to agree.

6. Make networking a priority.

Collaborations among multiple agencies and organizations can produce a broad, coordinated response more likely to be heard by managed care organizations and privatization commissions.

7. Become a player at the planning table.

Shaping privatization or managed care efforts requires a place at the table when discussions begin. Key steps include the following:

- Learning who are the major child welfare players in the state or locality;
- Identifying which players are noted for their strength, integrity, and commitment to meeting the needs of vulnerable children and families;
- Assessing the relative strengths and weaknesses of managed care organizations or organizations serving as intermediaries in privatization arrangements; and
- Learning about managed care arrangements in other systems and the intermediaries that are helping shape those managed care arrangements.

8. Be candid.

If relationship problems exist between the public agency and private agencies, acknowledge and address these issues and resolve them if possible. Establish new "ground rules" on how the public and private agencies will move forward together and with good faith to better meet the needs of vulnerable children and families.

9. Be proactive.

The use of privatization and managed care in child welfare, though rapidly growing, is still in an early stage of develop-

ment. There are opportunities to take leadership roles or, in the case of managed care, develop the capacity to be a managed care organization with a service provider network offering a full continuum of services.

10. Ensure that data are collected on adoption outcomes and the cost-effectiveness of adoption.

Statistical documentation that demonstrates effectiveness and cost control is perhaps the most powerful tool for establishing the importance of adequate support for adoption services in any privatization/managed care arrangement.

Notes

1. U.S. Government Accounting Office (GAO). *Privatization: Lessons learned by state and local governments* GAO/GGD-97-48 (Washington, DC: Author, 1997).
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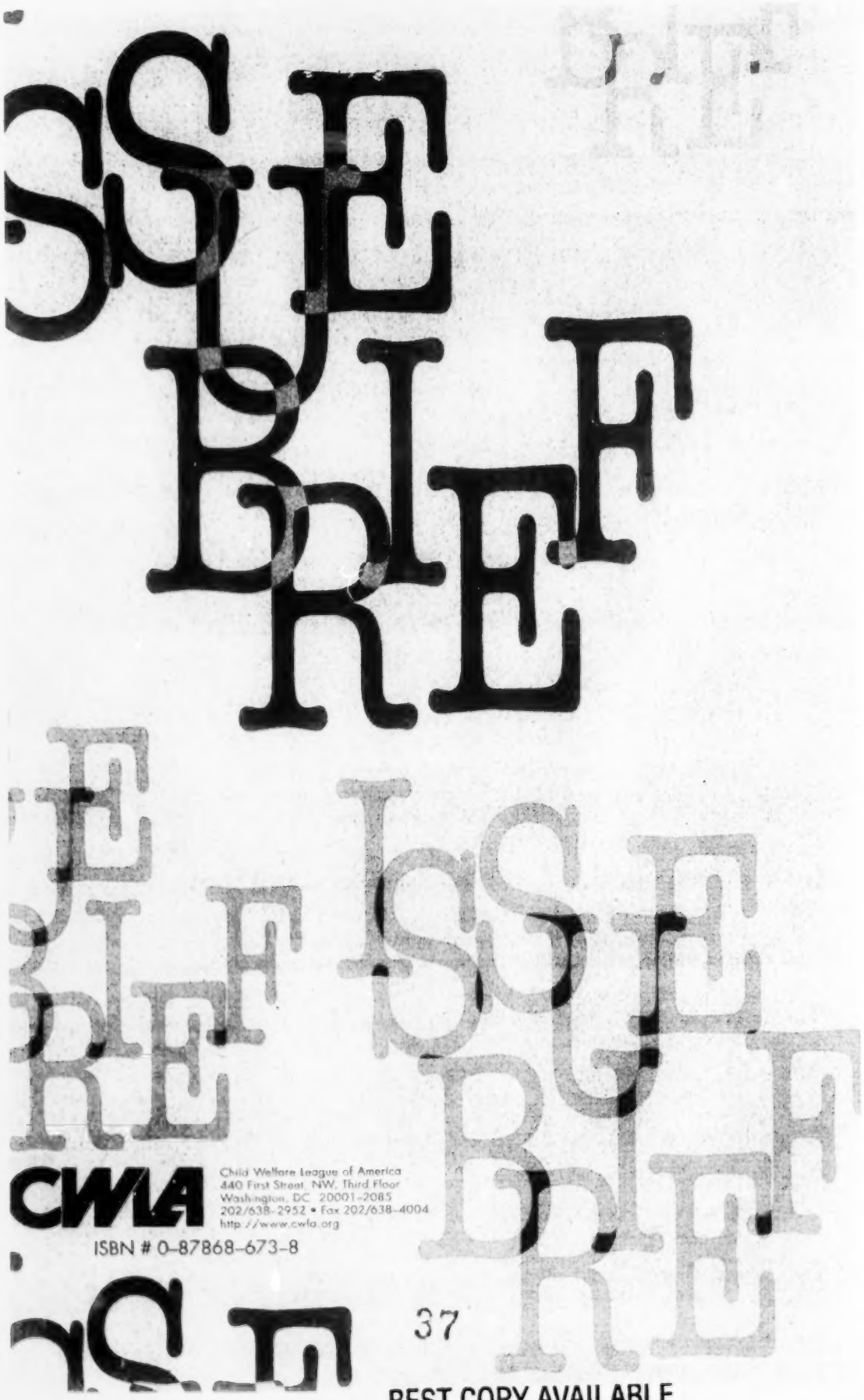
36



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